

Annual Work Plan Fiscal Year 2008-2009

I. Research Project Title: Understanding the impact of idiosyncratic shocks on farm productivity and household asset building and protection in Ghana, Ethiopia and Bangladesh

II. Collaborating Institutions and Researchers

Cornell University (Ithaca, NY): Dr. Chris Barrett (principal investigator), Dr. Felix Naschold, Ms. Aurelie Harou, Mr. Asare Twum-Barima, Mr. Thomas Walker

Addis Ababa University, Department of Economics (Addis Ababa, Ethiopia): Dr. Tassew Woldehanna

Data Analysis and Technical Assistance, Ltd. (Dhaka, Bangladesh): Mr. Zahidul Hassan
Institute of Statistical, Social and Economic Research, University of Ghana (Accra, Ghana): Dr. Ernest Aryeetey (co-principal investigator), Dr. Robert Osei

International Food Policy Research Institute (Washington, DC): Dr Agnes Quisumbing (co-principal investigator), Dr. Akhter Ahmed, Dr. John Hoddinott

III. Dates covered by work plan

This work plan covers the period from October 1, 2008 to September 30, 2009.

IV. Support

Core AMA CRSP with matching funds from Cornell University (approximately \$47,000) and leveraged supplemental funding to IFPRI from CAPRI (\$98,500). IFPRI has obtained additional funding (approximately \$500,000) from the UK Economic and Social Research Council (ESRC) to analyze the long-term impact of anti-poverty interventions, using the same data set. The World Bank, through the Ethiopian Development Research Institute has provided \$33,500 to fund IFPRI's training and capacity activities in Ethiopia. In addition, IFPRI has received a commitment from a consortium of donors to fund a new household survey in 2009; the exact amount will be determined by December 2008.

V. Program Overview

Idiosyncratic risk appears to dominate covariate risk in rural incomes in Africa and Asia, indicating the potential contribution of improved local risk management of idiosyncratic risk to household asset accumulation, productivity growth and poverty reduction in developing countries. Understanding better how households differentially experience idiosyncratic risk and what mediating structures minimize the adverse dynamic effects of such risk is therefore of considerable importance for sustaining broad based economic growth and designing effective poverty reduction strategies, not just in the three project countries, but more broadly, throughout the developing world.

The project focuses on the impact of idiosyncratic risk on the dynamics of household well-being, asset accumulation and productivity. Ex ante, who trades off expected asset and productivity growth for reduced exposure to idiosyncratic risk? Ex post, what determines the impact of idiosyncratic shocks (e.g., due to illness, theft) on households? What formal and informal institutions mediate those experiences? The research aims to clarify what existing mechanisms help households through episodes of adverse idiosyncratic shocks, to what extent different mechanisms (self-insurance, social

networks, formal programs through groups or contractual and quasi-contractual arrangements), individually and cumulatively, are able to insure households against risk, what gaps in coverage exist, and how different interventions affect insurance against idiosyncratic risk and its dynamic effects on rural households' asset holdings, productivity and well-being.

In contrast to most existing empirical work, this holistic approach to studying household insurance mechanisms can provide information to policymakers about gaps in insurance coverage, about who is truly vulnerable, and what factors help mend the holes in the social safety net. We aim to establish whether some households are systematically better insured by some mechanisms than are other households, and whether asset stocks and insurance coverage co-evolve over time, reinforcing each other.

These are especially topical issues in the three project countries. In Bangladesh, long-term poverty is often caused by idiosyncratic shocks in the form of illness and injury. In Ethiopia, illness ranks as the greatest risk to long-term household welfare. Serious undernutrition of adults may trap a household in poverty as low nutritional status is highly correlated with subsequent low growth in consumption. In Ghana, idiosyncratic risk associated with illness, injury, theft and farm shocks are widespread and key determinants of current incomes. Preliminary findings suggest that socially excluded groups, such as new migrants and young farmers who don't belong to major clans, are least able to cope with such risks because they have minimal social networks to manage idiosyncratic risk through interhousehold transfers. Shocks appear to have persistent effects on their asset dynamics but not on those of better-connected and better-off neighbors. In each country there are different primary mechanisms which can help households recover from individual shocks: loans from NGOs in Bangladesh, burial societies in Ethiopia, and funeral societies and farming and church-related organizations in Ghana. We aim to enrich understanding of the role such institutions play and the dynamic gains from these idiosyncratic risk management mechanisms.

The project directly addresses AMA CRSP research priorities 1 ("managing risk and vulnerability to enhance asset protection and accumulation") and 3 ("asset building for growth and poverty reduction") given our project's emphasis on how risk mediates asset accumulation. It will also contribute directly to knowledge supporting USAID's strategic objectives in each project country, in particular those related to expanded economic opportunities created through equitable economic growth, and a healthier and more productive population. We also anticipate significant degree and non-degree training of research professionals and practitioner partners over the life of the project.

VI. Annual Work Plan

A. Integration of Activities with Long-Term Project Plan

The 2008-9 work plan revolves around four types of activities - data collection, data analysis, stakeholder consultation and training – that are each instrumental to the longer term objectives of the project. The four activity types are summarized by fiscal quarter in the table below.

B. Specific Activities

2008-9 Project Work Plan by Fiscal Quarter

	First Quarter (Oct 1 – Dec 31, 2008)	Second Quarter (Jan 1 – March 31, 2009)	Third Quarter (April 1 – June 30, 2009)	Fourth Quarter (July 1 – September 30, 2009)
Data Collection	Ethiopia: Preparation for 2009 survey Ghana: Updating survey instruments and preparation for 2009 survey wave.	Ethiopia: Preparation and implementation of 2009 survey Ghana: Data collection, round 1	Ethiopia: Implementation of 2009 survey and begin data processing Ghana: Data collection, rounds 1 and 2 and begin data processing	Ethiopia: Complete data processing Ghana: Data collection, round 4 and data processing
Data Analysis	Bangladesh: revision of paper on impact of shocks on asset growth; analysis of men’s and women’s asset trajectories; role of institutions in coping with shocks (funded by CAPRI) Ethiopia: Ongoing work on poverty, asset dynamics and poor health, and on asset targeting Ghana: Analysis of poverty and asset dynamics in existing data.	Bangladesh: Econometric work on determinants of formation of social networks and participation in NGO; analysis of impact of NGOs and other social networks in building assets Ethiopia: Ongoing work on poverty, asset dynamics and poor health, and on asset targeting Ghana: Preliminary analysis of new data; analysis of poverty and asset dynamics in existing three waves.	Ethiopia: Completion of work on poverty, asset dynamics and poor health, and on asset targeting Ghana: Econometric analysis of new data: analyze poverty and asset dynamics; study risk, social networks and participation in farming cooperatives.	Ethiopia: Commence analysis of role of networks in mitigating shocks Ghana: Econometric analysis of collected data: analyze poverty and asset dynamics; study risk, social networks and participation in farming cooperatives.
Outreach	Ethiopia: Workshop presenting results of capacity strengthening and training activities	Ghana: National level and community level stakeholder consultations. Village meetings for survey round 1.	Bangladesh: briefs on role of networks in coping with shocks Ghana: Village meetings for survey rounds 2 and 3.	Bangladesh: Dissemination of findings from collective action study (funded by CAPRI) in Dhaka Ghana: Village meetings for survey round 4.
Training	Ethiopia: Capacity strengthening and training activities Cornell: Ph.D. (Harou, Walker) Post-Doctoral (Naschold) M.S. (Twum-Barima)	Cornell: Ph.D. (Harou, Walker) Post-Doctoral (Naschold) M.S. (Twum-Barima)	Cornell: Ph.D. (Harou, Walker) Post-Doctoral (Naschold) M.S. (Twum-Barima)	Cornell: Ph.D. (Harou, Walker) Post-Doctoral (Naschold) M.S. (Twum-Barima)

Data collection:

Bangladesh: Data collection completed in 2007-2008 fiscal year.

Ethiopia: A new round of data collection will occur in the 2008-09 fiscal year. This activity was not planned at the time of our original proposal submission. However, we now have a commitment from a consortium of donors to fund survey a new round of the Ethiopian Rural Household Survey in 2009. No USAID AMA CRSP funds will be required for this new data collection activity. The survey will have three focal points: a) asset accumulation, including the impact of idiosyncratic shocks; b) the impact of rising food prices; and c) the impact of land registration on productivity.

Ghana: Data collection will commence in January 2009, focusing on generating the fourth round of a panel data set initiated by Christopher Udry and Markus Goldstein (waves 1 and 2) and Jacqueline Vanderpuye-Orgle (wave 3). Cornell Economics Ph.D. candidate Thomas Walker will oversee the data collection, working closely with Ernest Aryeetey and Robert Osei at ISSER. Cornell M.S. candidate Asare Twum-Barima will join the data collection effort after spring semester classes end in May.

Data analysis:

Bangladesh: Data analysis for Bangladesh will continue in 2008-2009, focusing on the role of institutions in coping with shocks, and the role of collective action institutions in gendered patterns of asset accumulation. We will also begin analysis of individual level outcomes this year.

Ethiopia: We will complete our work on two papers: Poverty, asset dynamics and poor health, and on asset targeting. In the latter part of the 2008-09 work year, we will commence analysis of the new ERHS data collected in 2009.

Ghana: We will analyze poverty and asset dynamics in the existing three waves during the first half of the fiscal year. In the second half of the year we will start our econometric analysis of new data, including analyzing poverty and asset dynamics under idiosyncratic risk; and the roles of risk, social networks and participation in farming cooperatives.

Synthesis: We will continue developing the cross-country synthesis framework that we began in the 2007-8 fiscal year in order that it is fully ready to go in 2009-10, once we have all the data from all three project countries available for analysis.

Outreach:

We will use our existing, extensive contacts with communities, different levels of government, and donors to stimulate discussion and bring attention to the goals of and possible range of policy lessons to be learned from this research project. With assistance from the ME, we will release a second project policy brief, on community-based risk management, and disseminate it widely within USAID and to stakeholders within each of the three project countries.

Bangladesh: All dissemination activities in Bangladesh and travel to Bangladesh in 2008-2009 will be funded by CAPRI and ESRC (Economic and Social Research Council, UK). In August 2009, IFPRI, DATA, and CPRC will be holding a high-visibility national conference to present the results of the long-term impact of anti-poverty interventions analysis to various stakeholders in Bangladesh. We will be holding community-level stakeholder meetings during that period as well. CAPRI will also organize a research workshop on its gender and collective action program, with outreach planned to major stakeholders.

Ethiopia: In November 2008, we will hold a workshop where we will present the results of the papers completed as part of the training and capacity building work described below.

Ghana: We will hold national and community-level stakeholder meetings in the first quarter of 2009 to present preliminary results based on the existing three waves of the panel survey and to introduce the fourth wave.

Training:

Degree training at Cornell will involve Ph.D. students Aurelie Harou (dual citizen, France and US) and Thomas Walker (Australia) and M.S. student Asare Twum-Barima (Ghana) during academic year 2008-9 (all funded, at least in part, by AMA CRSP). They will work with the project in data cleaning and analysis, preparation of the Ghana survey instrument for resurvey, and preparation of outreach materials. Walker will depart for Ghana in late 2008 and participate in the field data collection there throughout calendar year 2009.

Post-doctoral researcher Felix Naschold will develop and improve quantitative methods to model the interaction between idiosyncratic shocks and household welfare dynamics, analyze household welfare dynamics in Ghana and coordinate the synthesis research efforts between all involved research teams. All Cornell students and the post-doctoral researcher will work under the supervision of Chris Barrett.

Bangladesh: No additional training activities planned.

Ethiopia: IFPRI and Addis Ababa University are participating in a capacity-building consortium led by the Ethiopian Development Research Institute (EDRI) that is related to this project. In the 2008-09 work year, we will continue with this work which includes:

- The training of Ethiopian researchers in the application of “best practice” research techniques to the analysis of poverty.
- Active mentoring by international experts of Ethiopians engaged in follow up empirical research in a learning by doing mode;
- In depth collaborative work between Ethiopian researchers and international experts.
- Workshops that disseminate and discuss the work emanating from this project.

Ghana: Prior to the resurvey, presentations will be held in the survey villages to share the results of analysis of the data from previous survey waves. During the course of the

resurvey in 2009, village meetings will be held at the end of each survey round to inform villagers about the survey's progress and to thank them for their participation.

C. Links to existing projects

This project builds on the recently completed USAID BASIS CRSP project on “Conceptual and Statistical Foundations for the Estimation of Poverty Traps,” which funded work developing concepts and methods being employed in this new effort.

In Bangladesh, the project builds on an ongoing longitudinal study funded by the Chronic Poverty Research Centre, HarvestPlus, the University of Waikato, and the Systemwide Initiative on Collective Action and Property Rights (CAPRI) of the CGIAR. We have obtained additional funding from the Department for International Development-Economic and Social Research Council for analysis of the long-term impact of anti-poverty interventions, based on the same panel data set.

In Ethiopia, this project will link to the recently funded World Bank capacity building project, “Pathways from poverty in Ethiopia: Strengthening Ethiopia’s PRSP through the analysis of longitudinal household data.”

In Ghana the project builds on the USAID SAGA cooperative agreement, which funded closely related policy research and outreach in Ghana and helped ISSER found the highly successful Economy of Ghana Network (<http://www.egnghana.org/>). We also have a proposal in to the National Science Foundation to add both an extra survey module going into greater depth on social networks structure and an experiment in which we would generate idiosyncratic positive shocks – windfall winnings of cash or goods – and trace out the impacts of these idiosyncratic shocks on individual, household and social network behavior and well-being.

D. Relation of research to key findings and indicators used

Key indicators of impact in this project include:

- (1) host country personnel trained, both through degree, post-degree and non-degree programs, and broader training of skilled social science personnel;
- (2) research publications and associated citations;
- (3) policy briefs written and distributed, for which we can also document numbers and sources of requests for copies;
- (4) documented contact with policymakers, donors, and communities in outreach workshops, and coverage by local media;
- (5) attestation by such stakeholders as to the value of the empirical analysis and capacity building activities undertaken by the project.

We plan to document and report these impact indicators as the project progresses, on an annual basis.

E. Anticipated outputs

In this second full project year, we anticipate several outputs, including:

- a) Working papers for Bangladesh on the
 - determinants of formation of social networks and participation in NGOs
 - impact of NGOs and other social networks in building assets
 - role of institutions in helping households cope with idiosyncratic shocks
- b) Working papers for Ethiopia on
 - poverty, asset dynamics and poor health in Ethiopia
 - asset targeting in Ethiopia
- c) Working paper for Ghana on
 - asset and welfare dynamics and idiosyncratic risk
- d) Trip reports from international travelers under the project
- e) Informal team memos on findings and methodologies
- f) Policy brief on community-based risk management and policy implications

We expect greater written outputs in subsequent years, in particular more academic research papers, more policy briefs and, hopefully, popular media coverage of outreach events and research findings.

Throughout the year the project web site will be updated and new project outputs uploaded. We will continue to track downloads from the website.

F. Problems and Issues

No further issues anticipated.

VII. Budget

Modest changes to the allocation of budget across line items, per revised budget submitted to ME. No change to total budget.